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FINANCIAL ASSISTANCE

To Small Towns and Rural Groups



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**WATER
SYSTEMS**

**SANITARY
SEWER
SYSTEMS**

**SOLID
WASTE
DISPOSAL**



FINANCIAL ASSISTANCE

TO SMALL TOWNS AND RURAL GROUPS

- Water Systems
- Sanitary Sewer Systems
- Solid Waste Disposal

The Farmers Home Administration makes loans and grants to public bodies and nonprofit organizations serving primarily rural residents to develop domestic water supply systems and waste disposal systems.

Who may receive assistance?

Public or quasi-public bodies and corporations not operated for profit which will serve residents of open country and rural towns and villages up to 5,500 population, which are not part of an urban area, may receive financial and technical assistance in planning, developing and improving and extending water and waste disposal systems when:

1. They are unable to obtain needed funds from other sources at reasonable rates and terms.
2. The proposed improvements will serve primarily farmers and other rural residents.
3. They have legal capacity to borrow and repay loans, to pledge security for loans, and to operate the facilities or services.
4. They are financially sound and will be effectively organized and managed.

All applications are considered without regard to the race, color, creed or national origin of the members of the groups applying for assistance.

What about grants?

Grants may be made to help finance up to 50 percent of the development cost of a water or waste disposal system when grants are needed to reduce to a reasonable level the charges the users will pay.

How may funds be used?

Loans and grant funds may be used to:

- Install, repair, improve, or expand rural water supply and distribution systems including water supply reservoirs; pipelines; wells; pumping plants; water filtration and treatment such as chlorination, fluoridation, and iron removal.
- Purchase a water supply or a water right.
- Install, repair, improve, or expand waste collection, treatment, or disposal systems. Facilities to be financed may include such items as sewer lines, treatment plants, stabilization ponds, sanitary landfills, incinerators, and necessary equipment such as garbage trucks.
- Pay necessary fees.
- Pay other costs related to the improvements, including the acquisition of rights-of-way and easements, and the relocation of roads and utilities.

All systems must comply with applicable state and local laws including those concerned with zoning regulations, health and sanitation standards and the control of water pollution.

What are the dollar limits?

A borrower's total indebtedness for these loans together with any assistance in the form of a grant cannot exceed \$4,000,000 at any one time.

What are the time limits?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or facility to be financed.

What is the interest rate?

The interest rate varies but may not exceed 5 percent.

Where and how are applications made?

Applications for loans and grants are made at the local county offices of the Farmers Home Administration. The county office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

What security is required?

All loans will be secured in a manner which adequately protects the interest of the Government. Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. A mortgage may also be taken on the organization's facilities when state laws permit.

Where will applicants obtain technical help?

The Farmers Home Administration will assist the applicant in making the first determinations regarding the engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.

After preliminary determinations have been made, applicants will be expected to provide the technical services necessary to design the improvements, prepare estimates of costs, and complete arrangements for organization and financing.

If financing is provided, the Farmers Home Administration will make periodic inspections to see that funds are used as agreed upon and that construction meets approved standards.

What other financial assistance is available to rural groups?

The Farmers Home Administration may also extend financial assistance to rural public and quasi-public organizations and corporations not operated for profit all serving primarily rural areas to install or improve drainage and irrigation facilities, establish recreational facilities, establish soil and water conservation measures, to shift land use to grazing, wildlife, and recreation areas and forests, and for the construction of housing for domestic farm labor and rental housing for senior citizens.